

INDIANA ECONOMIC
DEVELOPMENT CORPORATION

May 15, 2006

Barbara McNutt
Chief Counsel
Indiana Professional Licensing Agency

Dear Ms. McNutt:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with rule changes proposed by the Indiana Professional Licensing Agency ("IPLA") and contained in LSA Document 06-40, which amends 876 IAC 3-6-2 and 876 IAC 3-6-3. The rule changes would potentially affect 2,945 real estate appraisers licensed in the State of Indiana. Although the proposed rule affects the practices of appraisers specifically, the small business for which these appraisers are employed will also be affected because of the licensees' compliance. The number of small businesses affected by this proposed rule will be less than that; however, the Board is unable to determine the actual number of small businesses. This rule also potentially applies to real estate brokers doing appraising in Indiana. There are approximately 26,735 real estate brokers and real estate business entities licensed in Indiana. The rule would only affect real estate brokers and other real estate businesses if they provide appraisal services as part of their business.

The economic impact imposed on these small businesses is attributable to the cost for licensed and certified appraisers and real estate brokers associated with compliance with the most recent Uniform Standard of Professional Appraisal Practice (USPAP) requirements. In order to comply with this proposed rule, an appraiser may have to replace 2005 USPAP edition with the 2006 USPAP edition. Assuming all appraisers purchase the book, which is priced at thirty dollars (\$30), the costs to all licensed or certified appraisers in Indiana approximately \$88,350 (2,945 licensed and certified appraisers X \$30). It is not possible to determine how many real estate brokers perform appraisal services and may need to purchase the manual. The IPLA reports that there will be no additional reporting requirements as a result of the rule.

Although the IPLA could not estimate what portion of the affected entities may be considered small businesses, it has subsequently indicated that the 2006 USPAP manual will be available online at no cost. This should allow small businesses and any other business to comply with the rule without incurring additional cost. The IEDC does not object to any of the provisions contained in the proposed rule changes.

If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iedc.in.gov.

Regards,



Ryan Asberry
Director – Research
Indiana Economic Development Corporation